

# Governor's Task Force On Families First November 2004

TENNESSEE DEPARTMENT OF  
HUMAN SERVICES



*Helping shape Tennessee lives.*

# Governor's Task Force On Families First

## Contents

Background .....	3
Why Change Families First Now? .....	4
Families First Assistance Group Demographics .....	4
Task Force Process .....	5
General Themes .....	6
Program Strengths .....	6
Task Force Recommendations .....	8
Other Changes/Issues Considered .....	14

## Appendix

Media Release for Announcement of Task Force .....	17
Families First Task Force Participant List.....	18
Comparison of Families First & TANF .....	19
Impact on Annual Earnings of Three Strategies .....	21
Representative Families First Characteristics .....	22
Families First Cases .....	24
Families First Timeline.....	25
Total Value of Income and Work Support Services (Family of Three).....	26

***"We are very proud of Families First and all it has done for thousands of Tennessee families. We are confident this Task Force will look at our best practices, as well as those from other states, and make this an even stronger program."***

**--Commissioner Virginia T. Lodge  
Task Force Member**

### **Background**

Riding a national wave of interest in welfare reform, the Tennessee General Assembly passed legislation creating the Families First program in the spring of 1996. In July of that year, the United States Department of Health and Human Services approved the waiver that allowed the Tennessee Department of Human Services (DHS) to implement work requirements, time limits and sanctions for non-compliance for recipients of public assistance and provide essential support services such as education, training, transportation and child care. Four goals were established by the State Legislature at the program's inception:

- Strengthen families by establishing firm, but fair, expectations of parents for work, responsible parenting and supporting their children.
- Permit adults to marry and retain benefits while on the Families First Program.
- Build a better workforce by requiring work, offering education and training opportunities and providing case management for families.
- Reduce poverty through work requirements, carefully planned benefit packages and transitional services.

Before the summer ended, the U.S. Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which eliminated the Aid to Families with Dependent Children (AFDC) welfare entitlement program and instituted a new program called Temporary Assistance to Needy Families (TANF).

TANF is a departure from AFDC in several ways. States are allocated a block grant to run their welfare programs but also must continue to meet a set minimum level of state funding, called the Maintenance of Effort (MOE). The federal funding does not adjust to changes in the number of families receiving benefits. In addition, states are required to meet minimum Work Participation Rates (WPR), an indicator of the number of participants engaged in work or other work-related activities, or face a reduction in the block grant amount.

***"Child well-being should be a major focus of the program."***

**---Mai Bell Hurley  
Task Force Member**

TANF requirements are similar to those for Families First participants, but not identical (see Appendix). The key differences are related to what are allowable work activities in calculating the state's Work Participation Rate. Tennessee's waiver allows for more activities to be factored in the calculation of the rate – education in particular – and it allows participants to be exempted from inclusion in the rate due to a variety of "good cause" reasons. In addition, the waiver specifies a range of situations in which a month of Families First benefits does not count toward time limits on assistance.

## Governor's Task Force On Families First

### Why Change Families First Now?

In January 2004, Governor Phil Bredesen named a group of business leaders, current and former clients, advocates, program contractors and senior DHS officials to a task force on Families First. They were charged with recommending ways to improve the program with the goal of “*enabling even more Tennesseans to become self-sufficient, tax-paying citizens.*”

The logical question arising from that action was: Why bring this group together at this time?

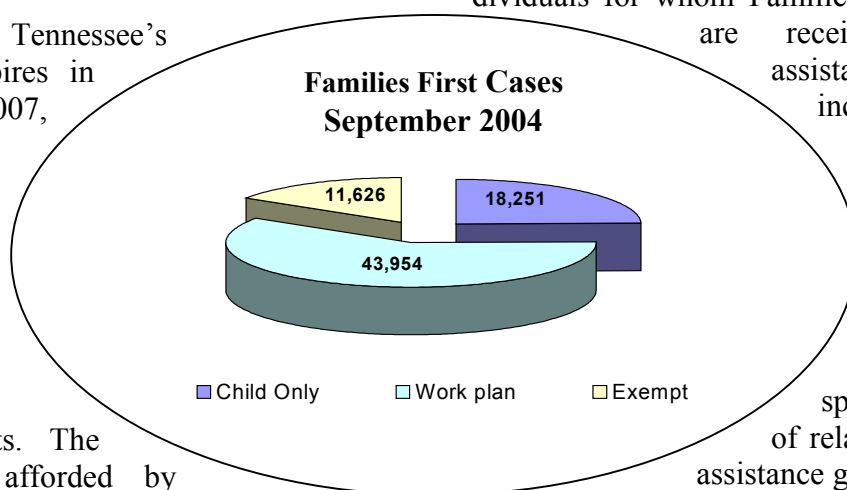
- Eight years of experience with Families First has yielded a wealth of knowledge on program operations and client outcomes, providing the ability to suggest improvements with a basis in data and research. Welfare reform initiatives have been in place nationwide for more than a decade, and the diverse nature of these efforts provides an opportunity to evaluate the relative strengths of a variety of models aimed at fostering self-sufficiency.
- When Tennessee's waiver expires in June 2007, Families First will be required to conform to all federal TANF requirements. The flexibility afforded by the waiver with respect to calculation of the Work Participation Rate and determination of months countable toward time limits will be lost. Planning now is essential to ensure a smooth transition into compliance with all anticipated federal requirements.

- Congress was due to reauthorize TANF in September 2002. However, as of November 2004, it has not been reauthorized, but merely allowed to operate under a series of continuing resolutions, now extending until March 2005. Although the final version of reauthorization is not known, the Department must prepare for the changes that are likely to be a part of the final TANF bill, primarily: 1) scheduled and significant increases in the required Work Participation Rate (WPR); 2) modification or elimination of the credit that has allowed Tennessee and most states to more easily reach the required WPR; and 3) changes in the definitions of activities allowed in the calculation of the WPR.

### Families First Assistance Group Demographics

In the Department's terminology, an assistance group is defined as a group of individuals for whom Families First benefits are received. The assistance group includes at least one child (individual under age 18) and at least one caretaker within a specified degree of relationship to the assistance group child.

In September 2004, 73,831 assistance groups received Families First benefits. Nearly 44,000 of those assistance groups had caretakers subject to the program's work requirements.



### 2003 Families First Case Characteristics Study

- 188,256 people (133,786 children and 54,470 adults) received benefits through the Families First program.
- The average assistance group included 2.7 persons (1.9 children), and it was headed by a 33 year-old female caretaker.
- 74% of assistance groups had an adult caretaker receiving benefits; 26% of the assistance groups were child-only. Child-only cases are those in which the caretaker is not part of the assistance group. In these situations, the caretaker is typically either a Supplemental Security Income (SSI) recipient, who must be excluded, or a non-parental caretaker, who is not required to be included in the assistance group.
- 61% of assistance groups lived in urban Tennessee counties (Davidson, Hamilton, Knox, and Shelby).
- 53% of assistance groups reported having Internet access.
- 42% of caretakers resided in a household that had a car.
- 58% of all caretakers were black (non-Hispanic), and 75% of rural caretakers were white (non-Hispanic).
- 57% of caretakers had never been married.
- 60% of caretakers had a GED or high school diploma. The average highest grade completed for all caretakers was 11.2.

\*University of Tennessee Center for Business and Economic Research

### Task Force Process

The Governor's Task Force met six times between March and August 2004 for one- or two-day meetings. Members used many resources to advance discussions: research and experience of other states, nationally recognized experts in welfare policy, sub-committee work groups and focus groups. Written reports and research on a wide variety of pertinent topics were also disseminated.

Following an initial Task Force meeting on March 15, four sub-committees, consisting of program participants, employers, community members and Department staff were convened. Sub-committees on laws, rules, regulations and policies; participant opportunities; service delivery; and research each met multiple times during April and May. Focus groups with program stakeholders took place in each of the eight DHS districts across the state in May. Over five hundred people participated in the various groups. In June, the Task Force met and heard reports on the sub-committee and focus group discussions.

### Expert Consultants

The Task Force then heard and discussed the findings of several well-known experts. **Dana Reichart**, the TANF director from Louisiana, presented results from a research project on family stability conducted there and discussed her experiences with making changes to Louisiana's TANF program.

**Gordon Berlin**, Senior Vice President of Manpower Demonstration Research Corporation (MDRC), provided an overview of the most conclusive research to date on successful welfare reform efforts nationally and reviewed the related policy implications of those approaches for Tennessee.

**Julie Strawn**, Senior Policy Analyst with the Center for Law and Social Policy (CLASP), presented research on employment-focused education and the positive employment outcomes of post-secondary education at the community college level.

Consultant **Deborah Chassman**, who assisted the state in writing the Families First waiver, discussed specific Families

## Governor's Task Force On Families First

First policies in light of research from other states.

**Elaine Ryan**, Deputy Executive Director with the American Public Human Services Association (APHSA), updated the Task Force on the status of federal legislation and how it may impact Tennessee's program.

**Don Bruce** of the University of Tennessee Center for Business and Economic Research summarized evaluations of Families First, including reports on car access and employment outcomes, interactions between local labor markets and Families First caseloads and results from an ongoing longitudinal study of program participants.

Tennessee Department of Children's Services Commissioner **Viola Miller** described successful diversion policies in Kentucky's TANF program.

### General Themes

The Task Force examined all major aspects of the Families First program. The group was not asked to achieve consensus on the many issues it addressed, but rather to conduct a thorough review of the program and think creatively about potential changes. The following general themes broadly summarize those discussions:

- The focus of the program should be to help families achieve economic independence and improve their children's well-being.
- Assuming personal responsibility is essential for attaining self-sufficiency and enhancing family and children's well-being.

- Research consistently demonstrates "mixed strategies" models that include work, education and training are the most effective ways to achieve client self-sufficiency.

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**Before Families First,  
only 50% of AFDC  
participants completed  
high school. By 2003,  
almost 60% of Families  
First participants had  
completed high school.**

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- A solid educational foundation is a prerequisite for long-term economic success. The Department's policies and practices should continue to support educational attainment, from quality child care through post-secondary opportunities.

- Support services are essential to client employment and

employment retention, especially child care and transportation.

- Many state and community services, both public and private, can be better coordinated to enhance participants' work, education and training achievements.
- To improve results for clients, the Department should encourage client-focused services, professional development of employees, accountability and the use of technological enhancements.
- Strategic planning is best informed and developed through current research, best practices, expert advice and input from stakeholders.

### Program Strengths

By many indicators, the Families First program has been successful. There is, however, a need to build on success to continue to improve the program. For example, High Performance Bonus Awards announced by the federal Department of Health and Human Services in October 2004 provide a clear illustration of both program strengths and weaknesses. In measures of



employment success, Tennessee ranked third in the nation in both new job placements and in employment retention. However, Tennessee ranked 49<sup>th</sup> in the nation on wage increases among employed clients and former clients. These significantly different results suggest the program excels in finding stable employment for clients but struggles with

fostering career advancement. It is through career advancement and/or wage progression that most clients will be able to become self-sufficient. Further research is needed to better understand the effects of program operation, labor market conditions and educational levels of participants on career advancement.

The Task Force recognized several aspects of Families First that should be retained and expanded. First, the program needs to focus on enhancing its "mixed strategies" approach. While the program includes more educational activities than are available under TANF, it is not clear that activities are always appropriately combined for individual clients. Random selection studies conducted by the Manpower Demonstration Research Corporation in eight U.S. cities showed that the impact on the annual income of participants in the "mixed strategies" model exceeded that of those taking part in either the "job search/work first" or "education first" models (see Appendix for details).

Second, although Tennessee will be losing the federal waiver, the waiver currently provides flexibility in the types of activities counted toward the Work Participation Rate and the length of time participants

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**Tennessee has won a high performance bonus in one or more of the following categories in five of the past six years: job entry, improvement in job entry, Food Stamp retention, Medicaid retention and child care access.**

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may remain in activities. As a result, Tennessee has been able to test and learn from a wider variety of approaches to assisting clients than have most states.

Third, Families First has had success in achieving outcomes that generate federally-awarded bonus payments. These have earned the state \$36.8 million since the program's inception. Bonuses have been awarded for employment entry and for continuing transitional services.

In federal fiscal year 2002, Tennessee had the highest average rank among all states in the five high performance categories (Job Entry, Success in the Workforce, Medicaid and SCHIP Enrollment, Food Stamp Participation and Child Care Subsidies). Efforts should be made to continue policies conducive to these achievements.

***"The fundamental goal of the program is to give people the skills they need to get out of poverty."***

**---Dr. Judith Hammond  
Task Force Member**

Finally, one of the program's most innovative services, Family Services Counseling (FSC), has received national attention as an effective short-term intervention model for serving participants facing barriers to self-sufficiency, including mental health problems, domestic violence, substance abuse, learning disabilities, and children's physical, mental, and behavioral health. FSC counselors also have introduced creative approaches to problem resolution by working with the non-custodial parents of Families First children. Although FSC is not currently countable toward the Work Participation Rate, it is expected that

TANF will be amended in reauthorization to credit states for some limited period of time when TANF participants are active in “barrier removal activities.”

### Task Force Recommendations

The following Task Force recommendations are purposely stated broadly in most cases. For those recommendations supported by the Governor and General Assembly, the Department will need to develop an overarching implementation plan to include the numerous specific actions that will need to be taken to carry out each recommendation.

Also underlying these recommendations is the recognition that implementing any one or all of the recommendations may require additional resources and that, further, such funds at any level – federal, state or local – are not available now. In view of this fiscal reality, the Task Force encourages the Department, in addition to developing its implementation plan, to begin addressing the recommendations to the extent possible by restructuring current funding, using available non-recurring funds and/or conducting pilot programs to test the ideas and further inform its strategic planning and implementation efforts.

#### **1 – Change the DHS Organizational Environment**

*Effective case management is essential to client success.*

A central theme of the Task Force’s deliberations was that improving the organizational environment at DHS is critical to the program’s success. The first step to reaching this goal is implementation of intensive case management for Families First

participants. For example, Department staff must develop a specific, individualized service plan for each participant promoting salary, career and educational advancement. The participant should be informed of opportunities available and fully involved in the development of the plan. To provide the necessary case management, the Department should consider establishing a new job classification for case managers, with higher pay and qualifications, to manage much smaller Families First caseloads (50-70 clients) and provide a level of quality and intensity in service that is not possible today.

***“Changing the Department’s organizational culture will be critical to Families First achieving its full potential.”***

***--Dr. Pearl Sims  
Task Force Member***

In addition, the organizational environment can be improved by developing a climate in DHS that is conducive to client-focused services. Particularly in large urban areas, offices have a “warehouse” atmosphere – one in which any possibility for personal attention and service is lost, due to the volume of clients being served. By creating

neighborhood-based satellite offices, participants could receive personalized attention in a location closer to their homes and community resources.

Experienced, well-trained front-line staff are essential to improving the organizational environment. Unfortunately, turnover is an on-going problem. New training curricula and training

delivery approaches are needed. In addition, on-going encouragement of professional development and creation of career tracks for

**Over the past two years, Families First cases have increased by 10.8% without a corresponding increase in the number of case managers available to work with clients.**



## Governor's Task Force On Families First

employees would improve organizational culture and employee performance.

### 2 – Streamline Inefficient Policy and Statutory Requirements

*Achieving results, not processes, should be emphasized.*

Some Families First statutory requirements appear to play little or no role in fostering self-sufficiency, are costly to administer and contribute to a level of complexity that makes navigating the program exceedingly difficult for participants. Consequently, the Task Force recommends elimination of interim time limits, which are imposed when Families First participants have received cash assistance for 18 months. While the original intent of this policy was to reinforce the concept of Families First as a time-limited program, in practice this time limit has been a hindrance to many participants, serving as a barrier to the successful completion of educational and training programs.

In addition, the Task Force recommends elimination of the “family cap” provision. If the child was born 10 months or more after the initial Personal Responsibility Plan was signed, the cash grant does not increase. The rationale behind this policy is that women should not be rewarded for having additional children who are supported by public funds. However, the Task Force identified no evidence that the policy has had any effect on recipient behavior – average family size is essentially the same as in 1996.

### 3 – Expand Child Care Eligibility

*Affordable, quality child care is a prerequisite for self-sufficiency.*

National experts, program participants and Task Force members repeatedly stressed the importance of child care assistance to achieving self-sufficiency. Knowing that there are not enough funds currently to adequately address these needs, the Task

Force recommends that the Department make child care availability a priority, targeting current funding as available and as new funding permits.

The Task Force identified three key groups that could be served by an expansion of subsidies. For non-parental caretakers caring for children in danger of being placed in

foster care, access to child care assistance may be the difference between a stable home environment and placement in Department of Children's Services' custody. Without child care, teen parents in high school are also at very high risk of dropping out and becoming long-term recipients of public assistance. For working families with no connection to the Families First program, help with child care expenses may be the surest path to avoid reliance on cash assistance.

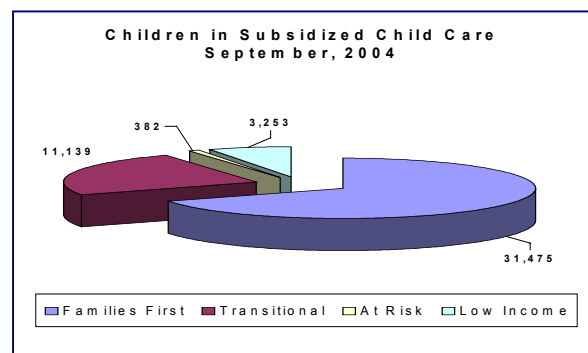
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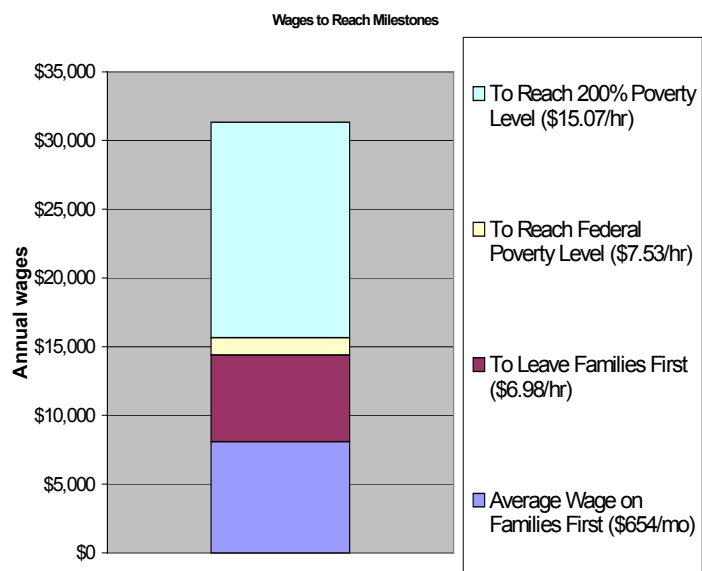
**15,643 Families First participants have accrued 60 total months on the program. However, only 4 individual participants accrued 60 countable months on the program and were terminated.**

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## Governor's Task Force On Families First



### 4 – Improve Career Advancement

*Participants need jobs with increasing wage potential.*

Client outcomes can be improved by increasing attention to long-term employment planning. Many Families First clients have difficulty moving to higher paying work from entry-level jobs. Case managers can facilitate better career planning through education about labor market conditions, high-demand occupations and non-traditional job opportunities. Continuing education also offers a route to better paying positions in a client's chosen field. It is a case manager's responsibility to research and present a range of opportunities and to assist the client to make choices leading to long-term self-sufficiency.

***“I attribute my success to a positive attitude, determination, and willingness to take advantage of each and every opportunity presented to me through the Families First Program.”***

**–Bonita Payne  
Task Force Member**

### 5 – Integrate the Mixed Strategies Approach into Adult Education

*Work and education combined generate the most positive outcomes for clients.*

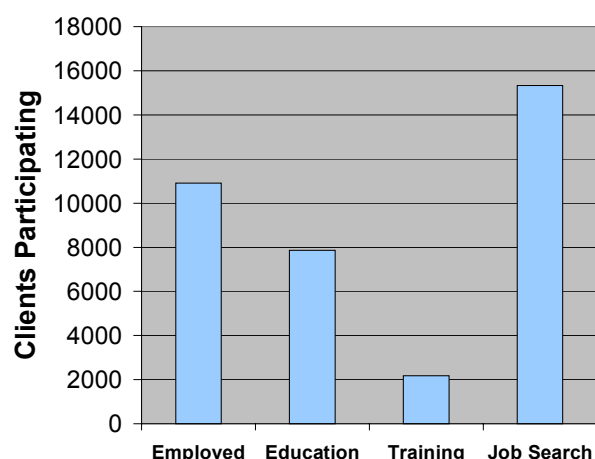
The Task Force recommends changes be made to the Adult Education (AE) services provided through Families First to improve the experiences for, and performance of, participants and reinforce the goal of self-sufficiency.

Although the average educational levels of clients have improved through the program, too many clients have languished in AE without making significant strides towards a GED or employment. Many clients require AE (or continue to struggle in AE) because of repeated negative experiences in traditional school settings.

To address these problems, the AE curriculum should be revamped incorporating research-tested adult learning concepts and stressing skills needed in the workplace. Although AE should encourage academic achievement when it is a realistic goal, the Department should improve its screening and assessment of those participants who may not have the ability to complete a GED.

The Task Force further recommends reinstating some of the achievement incentive payments targeted for clients who make progress in Adult Education and other activities. Recent research indicates that completion bonuses, which were eliminated in 2003 due to budget constraints, motivated AE participants to advance. After bonuses were instituted, the rate of advancement to the 9<sup>th</sup> grade level increased by 356% over pre-bonus rates. However, bonuses did not increase the speed of academic advancement for adult learners, suggesting that incentive payments are most effective in encouraging perseverance.

**Families First Activities**



### 6 – Improve Post-Secondary Education and Training

*More education significantly reduces dependence on public assistance.*

The Task Force makes a number of recommendations to improve post-secondary education and training: 1) Policies should allow participants to pursue education and training, including AE and post-secondary training. 2) Education and training activities should be coupled with work-study opportunities that align with career goals. “Mixed strategies” can make it easier to balance work, family and school by keeping the overall number of required work hours at an attainable level and by clarifying that student work-study is a countable activity toward work participation rates. 3) Use on-campus (site) case managers where the number of clients justifies it to facilitate access to child care, work-study and job placement services that ensure student participants receive the kind of support and

employment-related education that pays off in higher-paying employment.

While research documents that Families First participants face daunting obstacles in moving from the welfare rolls to private-sector payrolls, post-secondary education and training can play a vital role in improving their economic outcomes. Employment-focused, post-secondary education and training, together with the supportive services that enable parents to succeed in school, are essential to improving the lives of many low-income parents and their children.

### 7 – Develop More Effective Partnerships with Agencies and Organizations at all Levels

*Existing resources can be leveraged on behalf of clients.*

Local community partnerships are critical to the continuing effectiveness of the Families First Program. However, the state must take the lead in initiating, fostering and guiding relationships with organizations that have a statewide presence, while also providing encouragement and assistance to local partnerships. Collaboration with agencies may include the goals of advancing employment, supporting work through service provision or addressing family social and economic stability.

Unfortunately, Families First participants sometimes have difficulty accessing available programs and services. To promote client access to these existing programs, the Task Force makes two recommendations: 1) Develop structured partnerships with post-secondary education and training institutions including the Tennessee Technology Centers, community colleges, other colleges and universities, and the Department of Labor and Workforce Development and its career centers. These institu-

tions have established career and job placement services for adult learners and can be instrumental in facilitating career advancement. 2) Develop a pay-for-performance system that compensates these entities for key client outcomes such as job placement, job retention and salary progression.

The Task Force found many examples of collaborative opportunities beyond direct employment services such as partnering with local Housing Authorities in their asset development programs. Collaborating with a wide variety of state agencies such as the Departments of Transportation, Children's Services, Mental Health and Developmental Disabilities, Education, Health, Financial Institutions, Correction and Agriculture to creatively develop ways to assist participants with multiple service needs should also be undertaken.

Community-based non-profit and social service agencies are another vital resource. The Department should consider redirecting some of its area managers' time to improving local partnership development and collaboration with these agencies.

### **8 – Implement an On-the-Job Training Program**

*Employer-provided training leads directly to jobs for clients.*

The Task Force recommends implementing an on-the-job training (OJT) program, in which the Department would enter into contracts with employers to provide training and a guaranteed job for a client in return for partial payment of the trainee's wages. These programs have proven successful in other states, and are used by Tennessee's Department of Labor and Workforce Development, but are prohibited for Families First clients under current Tennessee law. A program such as this would render obsolete the criticisms that training

programs do not teach skills needed to gain employment, because it is the employers themselves that are providing the training.

### **9 – Implement a Diversion Program**

*Many clients do not need the full range of program services.*

Current state law requires participation in the full Families First program in order to access services. However, some crises may be resolved without ongoing cash assistance, particularly for families facing short-term needs. The Task Force, therefore, recommends changing program policy and state statute to allow families to choose some combination of time-limited cash payments, child care, transportation, or other services in lieu of full program benefits depending on their situation. This concept known nationally as "diversion" is used in some form in at least 30 states.

***"All I needed was a job."***

**---Elizabeth Newton  
Task Force Member**

Prime candidates for diversion are individuals with strong work histories who are currently unemployed and have specific needs that, when filled, will allow them to re-enter the workforce in a reasonable period of time. Before approval for a diversion service, applicants should be screened to ensure they do not face barriers that would be best addressed through receipt of the entire package of Families First benefits and services.

### **10 – Promote Access to Transportation**

*Ensuring reliable transportation promotes employment and job-retention.*

Access to transportation was identified as a major factor in whether program participants have successful outcomes. Families First should form stronger partnerships with the Tennessee Department of Transportation (TDOT), Tennessee Department of Education, community providers, and employers to ensure transportation is provided to areas where jobs are located.

In addition, Families First already has a program called First Wheels that provides no-interest car loans to qualified participants. Expanding eligibility to a larger range of applicants, such as those who are not yet employed, initiating outreach programs for potential participants and implementing an online application process are all ways that were identified to help make First Wheels a self-sustaining program that provides a vital resource. Awareness of programs such as First Wheels will be greatly increased by establishing a client-friendly orientation with a consistent message.

While gas prices have soared over the last several years, the gas reimbursement paid to Families First participants who provide their own transportation has been reduced. Budget restrictions also eliminated transportation assistance for clients who leave the program due to employment. Seeking ways to better fund these services should be considered to give clients greater opportunities to get to work or school during and immediately after their time on Families First.

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**74% of Families First participants receive transportation assistance.**

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**4,063 Families First participants' work programs were interrupted and 880 participants were exempted from work program requirements due to a disability. (September 2004)**

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### 11 – Encourage Family Stability

*Restrictive program requirements unfairly exclude many two-parent families.*

The Task Force recommends changes to state statute and Families First policy to eliminate deprivation as an eligibility requirement. The deprivation requirement is both complicated to implement and acts as a disincentive to the development of two-parent families. In practice, deprivation rules restrict access to Families First for most two-parent families. Policies and initiatives that encourage family stability have received a great deal of attention in the TANF reauthorization debate. Under current state statute, unless children are deprived of parental support through the absence of one or both parents, therefore, it is currently very difficult for married couples with children to qualify for assistance. The alternative to the deprivation policy is to determine eligibility for all families on income and resources alone, and the Task Force recommends this change.

### 12 – Assist in Disability Application Process

*Some clients may be failing in the program because of a disability.*

The Department should consider providing specialized assistance for disabled individuals to navigate the Social Security or SSI disability application processes. Physical and mental disabilities create barriers to self-sufficiency for many Families First participants. A successful exit from the program through employment



may not be a realistic outcome for these individuals. Their quality of life, however, could be improved significantly by income from Social Security and/or SSI benefits. The application process for these programs can be complex and lengthy. Assisting clients through the process should help more people qualify for benefits for which they are eligible.

### Other Changes/Issues Considered

National experts and the Task Force members recognized that lifetime limits on assistance have not served as a motivating factor for Families First participants to advance towards self-sufficiency. Due to the numerous clock-stoppages, exemptions, and interruptions, as well as the unintended consequence of interim time limits, relatively few months are counted toward the lifetime 60-month limit. Despite these problems, the Task Force felt good cause reasons for clock stoppages should remain in the program until the expiration of the waiver, when some of them probably will not be countable under federal TANF rules. In the interim, the introduction of true case management should significantly reduce the number of months that are not counted toward time limits due to the Department's failure to act timely to provide activities and services for participants.

***"If the Department can institute an intensive case management system, these recommendations will become a reality and dramatically improve the services provided to clients."***

**--Linda Moynihan  
Task Force Member**

Partial sanctions, amounting to 20% of the cash grant, are applied when parents

fail to provide proof of immunizations and health checks for the children in the family and when children do not attend school. Many Task Force members strongly believe that an essential goal of the program is to improve the well-being of children, and that the intent of these sanctions is appropriate. However, the Task Force notes that there are other state agencies with primary responsibility for providing and monitoring health and education services. The threat or imposition of a Families First grant reduction may not be the best mechanism to encourage parental responsibility. Furthermore, partial sanctions are inconsistently administered across the state, and it is extremely difficult to determine whether or not a situation warrants such action. The general sense of the Task Force is that eliminating partial sanctions should be considered, but only if commitment to the health and educational success of Families First children remains a vital focus of the program and the Department's case management efforts.

***"Among the many ideas for improving Families First that the Task Force received and discussed, two particularly compelling messages emerged that merit the Department's continuing attention as we work to reach the full potential of Families First:***

- ***Every Families First family is unique, therefore, so too should be the plans and services to help them.***
- ***Helping families become truly self-sufficient takes the combined efforts of all of our communities – human and social service, education, health and business."***

**--Ed Lake  
Task Force Member**



Families First Advisory Councils have been a mandated component of the program since its inception but have been underutilized in many areas of the state. Community and private sector involvement in Families First would be advantageous to the program, and fostering this involvement should be a goal. The role and functions of the Councils should be re-evaluated in light of that goal.

The Task Force also discussed the potential merits of instituting mandatory drug testing. However, research revealed that in the few states requiring some type of drug testing the constitutionality of the requirement is in question. Other barriers include the significant additional costs involved, the fact that drug testing fails to differentiate between occasional and ongoing abuse of drugs, and that the tests do not identify alcohol use or abuse, the most common drug-related barrier to employment.

On the positive side, testing could increase the likelihood that training dollars would be spent on participants who could pass the employer drug tests. Nevertheless, the Task Force concludes that a more effective tool to ameliorate drug-related issues could be more effective case management and client-education by the Department and its contract partners.

***“The Families First Program has served Tennessee for almost ten years. We are excited to embark on making meaningful changes that will improve the lives of Tennesseans over the next decade and years to come.”***

**--- Commissioner Virginia T. Lodge  
Task Force Member**

### Acknowledgments

The Task Force wishes to acknowledge the many behind-the-scenes contributions of the dedicated Department of Human Services staff who so capably supported its work.

Thanks go to the Department's Family Assistance directors Susan Cowden, Paul Lefkowitz, Lori Shinton, Cresa Bailey and research coordinator Kerry Mullins. Their work with the Task Force sub-committees, focus groups and expert consultants and in providing the Task Force with high quality research and background materials was invaluable.

Special thanks are in order for Brenda Tucker for her attention to detail in organizing the Task Force meetings and to Natalie Marler and Cheryl Booker for their efforts in constructing and formatting this report.

This document and supplemental materials are located at the DHS website: <http://www.state.tn.us/humanserv>. Supplemental materials include summaries of the sub-committee and focus group processes, summaries of the expert consultants' research, and further suggested reading.

Appendix

### Media Release for Announcement of Task Force

March 2, 2004

#### **GOVERNOR NAMES TASK FORCE TO STUDY FAMILIES FIRST PROGRAM** *STATE'S "WELFARE TO WORK" PROGRAM WORKING TOWARDS GREATER SUCCESS*

NASHVILLE, Tenn.— Governor Phil Bredesen today announced the creation of a task force to study Tennessee's welfare-to-work program, Families First. The 2004 Families First Task Force is made up of social services experts, service providers and former clients.

In 1996, the federal government replaced the welfare entitlement program Aid to Families with Dependent Children (AFDC) with the Temporary Assistance to Needy Families (TANF) program. Just prior to the TANF legislation's passage, Tennessee was granted a waiver and allowed to create its own unique welfare reform program called Families First. The program fits the needs of individual citizens with its focus on education, training and personal responsibility. Families First, like "welfare" programs in all the states, provides a cash benefit with supportive services to families with children who are experiencing financial difficulties.

"Families First has enabled thousands of Tennesseans to become self-sufficient," said Governor Bredesen. "However, we have been in the program seven years, and the time has come to see where we can make some changes and help even more Tennesseans become self-sufficient, tax-paying citizens. In addition, we are facing the upcoming reauthorization of the TANF legislation and the end of our waiver in 2007. We need to begin preparing now to be ready to conform to the federal program's requirements when the time comes."

The Department has received national recognition for its work in moving people to employment, finding them child care and offering specialized programs that help clients overcome barriers. "We are very proud of Families First and all it has done for thousands of Tennessee families," said Human Services Commissioner Virginia T. Lodge. "We are confident this task force will look at our best practices, as well as those from other states, and make this an even stronger program."

Since its creation, Families First has served more than 200,000 families. The program is currently serving more than 70,000 families and 140,000 children.

## Governor's Task Force On Families First

### Families First Task Force Participant List

<b>Virginia Lodge</b>	Commissioner, Department of Human Services
<b>Ed Lake</b>	Deputy Commissioner, Department of Human Services, Chairperson
<b>Glenda Shearon</b>	Assistant Commissioner, Department of Human Services
<b>Linda Moynihan</b>	Executive Director, Tennessee Conference on Social Welfare, Nashville
<b>Regina Walker</b>	Senior Vice President for Community Initiatives, United Way of The Mid-South, Memphis
<b>Reverend Herbert Lester, Jr.</b>	Senior Minister, Centenary United Methodist, Memphis
<b>Jacqueline Holloway</b>	Families First Council, Oak Ridge
<b>Elizabeth Newton</b>	Employment Career Specialist, University of Tennessee Wave, Knoxville and former participant
<b>Dr. Judith Hammond</b>	Assistant Vice President for Community Outreach, East Tennessee State University, Johnson City
<b>Lafayette McKinnie</b>	WIA Director, Southwest Human Resources Agency, Jackson
<b>Luz Belleza-Binns</b>	Social Worker, Metro Social Services Family Services Program, Nashville
<b>Dr. Pearl Sims</b>	Director of Leadership Development Center at Peabody College of Vanderbilt University, Nashville
<b>Bonita Payne</b>	Current participant, Nashville
<b>Dixie Taylor-Huff</b>	Owner, Quality Care Health Center, Lebanon
<b>Mai Bell Hurley</b>	Chair of the Statewide Families First Advisory Council, Chattanooga

## Governor's Task Force On Families First

### Comparison of Families First & TANF

	Families First	TANF
Required Activity Hours (for non-exempt participants)	40 hours/wk  Exception: 20 hrs/wk for participant who tests < 9 <sup>th</sup> grade and enrolls in Adult Education	30 hours/wk  Exception: 20 hours/wk for families w/ children < 6
<b>Universal Engagement</b>	All participants must sign a PRP upon eligibility determination  Non-exempt participants must have work activities in their PRP	No universal engagement provision - Parents are not required to work until the state determines they are ready for the workplace or they have received assistance for 24 months, whichever is earlier (They are included in the WPR but cannot be sanctioned for non-compliance with work activities)
Child Care Funding	FY 2002 Federal Funding for TN: Discretionary: \$44.2m Mandatory, no state match: \$37.7m. Federal share of matching fund: \$28.7m  Total = \$110.6 million (does not include TANF transfers)	Federal CCDBG funding for FY 2002: Mandatory (including matching) - \$2.71 b. Discretionary - \$2.08 b.
<b>TANF Block Grant Funding</b>	Tennessee receives \$191.5 million annually	\$16.5 billion a year through FY 2002
Supplemental Grants	Tennessee currently receives \$21.6 million	\$319 million in FY 2002 to states with historically low spending levels or high population growth
<b>Waivers</b>	Tennessee's waiver expires 6/30/07	Allows states operating under waivers to continue using those policies until expiration
Contingency Fund	Tennessee has not accessed the contingency fund since its inception	\$2 billion in matching grants in case of recession.  To qualify, states must: Spend 100% of its MOE;  Have a seasonally adjusted unemployment rate of 6.5% that is up 10% or more from at least 1 of the preceding 2 years; <b>or</b>  Food Stamps average monthly caseload must be up 10% compared to what enrollment would have been in the corresponding period of FY 94 or 95
<b>Family Formation Funding</b>	(Fatherhood initiative eliminated).	No specified amount of TANF funds are earmarked to achieve the family formation-related goals listed in the legislation. Some non-TANF funding streams exist that address abstinence (Child Health Block Grant, Adolescent Family Life Act)

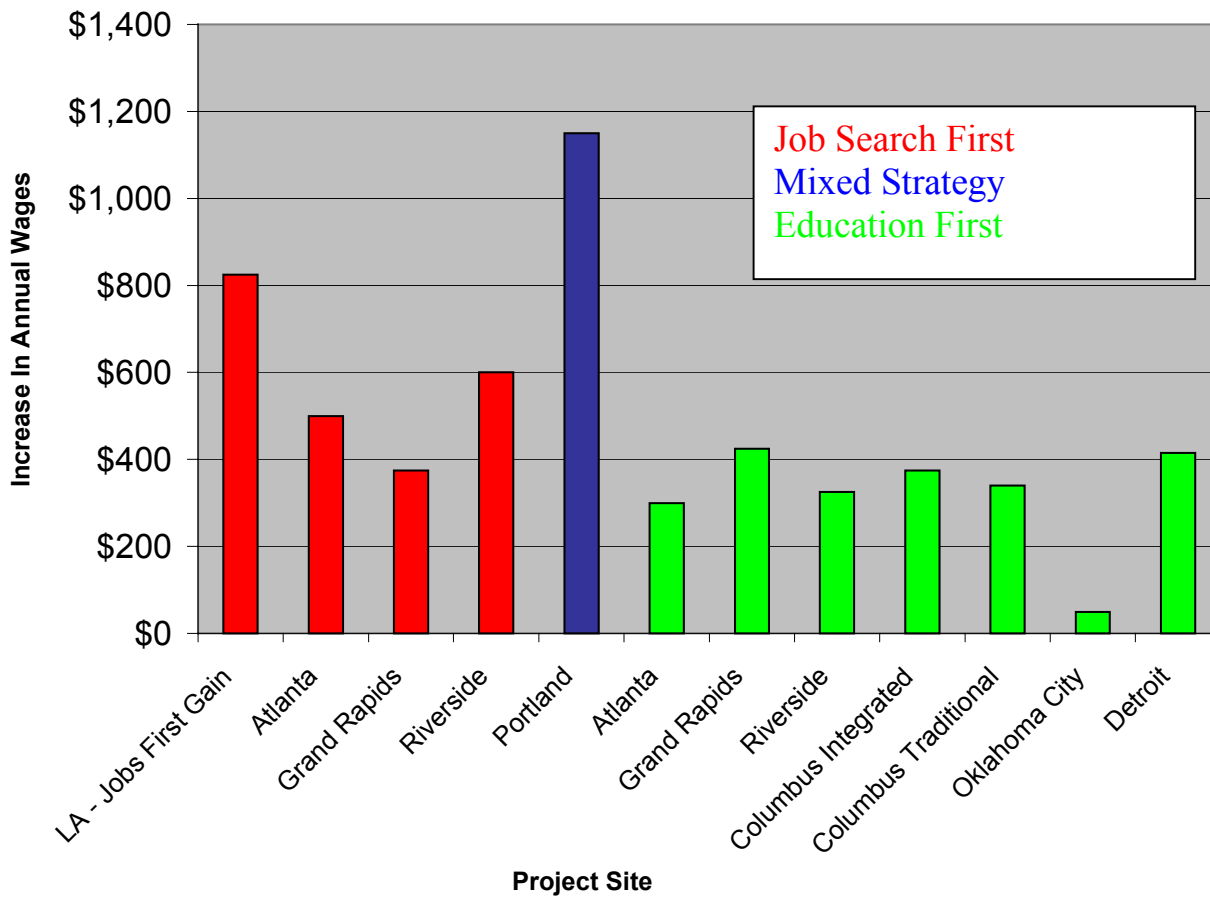
## Governor's Task Force On Families First

### Comparison of Families First & TANF (continued)

<p><b>Work Activities</b></p> <p><b>Bold indicates activities in which waiver gives TN more flexibility in meeting the WPR (can count for more hours/months, or can be counted at all)</b></p> <p><i>Italics indicates not countable toward the Federal work participation rate, but a countable Families First work activity</i></p>	<p>Countable for 40 hours:</p> <ul style="list-style-type: none"> <li>• Unsubsidized work</li> <li>• <b>Employment Career Services (can be 40 hrs for 10 weeks, then must be part-time)</b></li> <li>• <b>Work Experience</b></li> <li>• Community Service</li> <li>• <b>High School for teen parents (no other activity needed)</b></li> <li>• <i>Family Services Counseling (FSC generally not a stand-alone activity)</i></li> <li>• <b>VISTA volunteers</b></li> </ul> <p><b>Participants at &lt; 9<sup>th</sup> grade level have only a 20 hr work requirement - fulfilled by Adult Ed</b></p> <p>Must be combined with 1 of the above to meet the 40 hours requirement:</p> <ul style="list-style-type: none"> <li>• <b>Skills training</b></li> <li>• <b>Adult Education (unless participant is below 9<sup>th</sup> grade, in which case it can stand alone)</b></li> <li>• Vocational Education (12 months max)</li> <li>• <b>Work Prep (includes options such as Fresh Start/ PACE) 20 hours max)</b></li> <li>• <b>Post-secondary education</b></li> </ul>	<p>Countable for 20 or more hours:</p> <ul style="list-style-type: none"> <li>• Unsubsidized work</li> <li>• Subsidized work</li> <li>• Work experience if private sector work is not available</li> <li>• On-the-job training</li> <li>• Job search and job readiness assistance (for 6 weeks max/yr.)</li> <li>• Community Service</li> <li>• Vocational Education (12 months max)</li> <li>• Providing child care for a community service participant</li> </ul> <p>Countable for 10 additional hours in conjunction with the activities above:</p> <ul style="list-style-type: none"> <li>• Job skills training related to employment</li> <li>• Education directly related to employment, or GED/secondary school for participant w/o GED or HS diploma</li> </ul>
<p><b>Who is exempt from work activities and work participation rates</b></p> <p><b>Bold indicates groups that will have work requirements when waiver expires</b></p>	<ul style="list-style-type: none"> <li>• Child-only cases</li> <li>• <b>Disabled (non-SSI)</b></li> <li>• <b>Incapacitated</b></li> <li>• <b>Elderly (60+)</b></li> <li>• <b>Caring full-time for a disabled family member in the home</b></li> <li>• 2-parent Families with an infant &lt; 16 weeks (stricter than TANF law – for reporting purposes, the more flexible federal rules apply)</li> <li>• Single parent families with a child &lt; 1 year</li> </ul>	<ul style="list-style-type: none"> <li>• Child-only cases</li> <li>• Single mothers with child &lt; 1 (state option)</li> </ul>
<p><b>Time Limits</b></p>	<ul style="list-style-type: none"> <li>• 18 months consecutively (3 month minimum period of ineligibility before re-approval)</li> <li>• 60 months lifetime</li> </ul> <p>TN is able to “stop the clock” on time limits for several groups – those for whom appropriate education or job training services cannot be provided, child care and/or transportation cannot be obtained, and those testing &lt; 9<sup>th</sup> grade and in Adult Ed.</p>	<ul style="list-style-type: none"> <li>• 60 months lifetime</li> </ul> <p>20% of caseload may be exempted from the lifetime limit, but <b>not</b> from work requirements (So they are still subject to sanctions)</p>
<p><b>Fatherhood Initiatives</b></p>	<p>(Fatherhood initiative eliminated)</p>	<p>No dedicated funding stream for fatherhood programs</p>
<p><b>Transitional Medicaid (TM)</b></p>	<p>Participants leaving cash assistance are eligible for 18 months of TennCare unless they have left the state or failed to cooperate with child support enforcement (children in the latter case remain eligible)</p>	<p>Participants are eligible for 12 months if termination is due to earnings; for 4 months if assistance is lost due to receipt of child support</p>

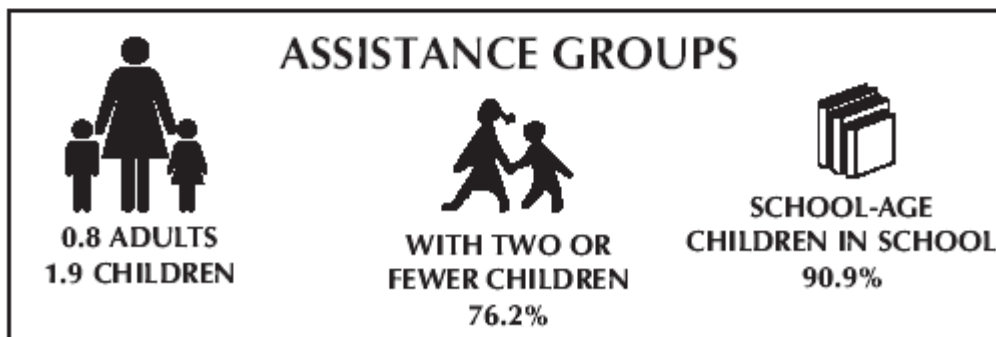
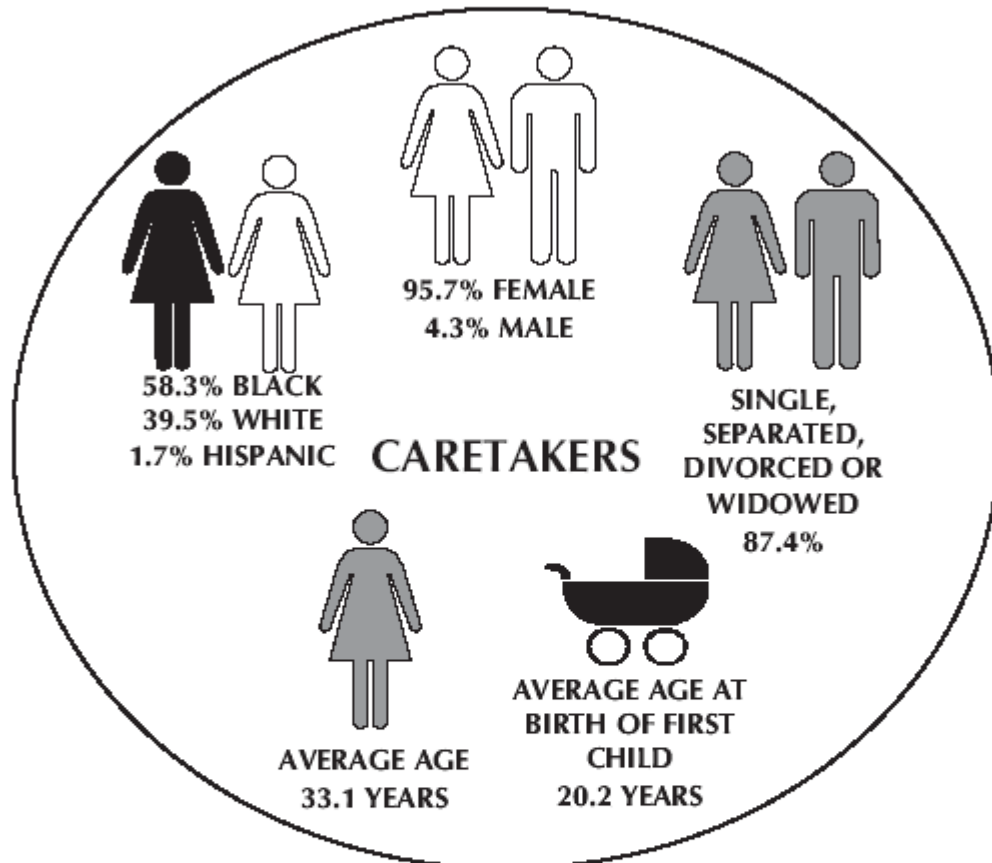


Impact on Annual Earnings of Three Strategies



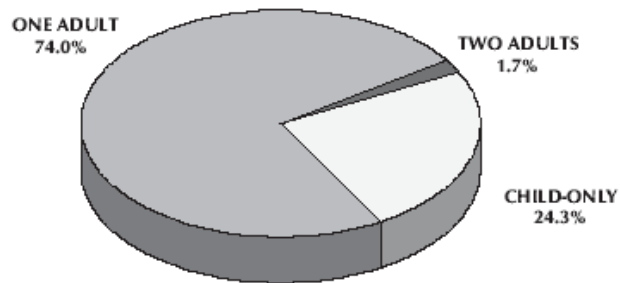
Source: Gorden Berlin, MDRC

Representative Families First Characteristics

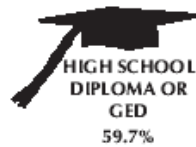


Source: Data are based on statistics from the *Families First: 2003 Case Characteristics Study* by the Center for Business and Economic Research, College of Business Administration, the University of Tennessee.

### Representative Families First Characteristics (continued)



### ASSISTANCE GROUPS



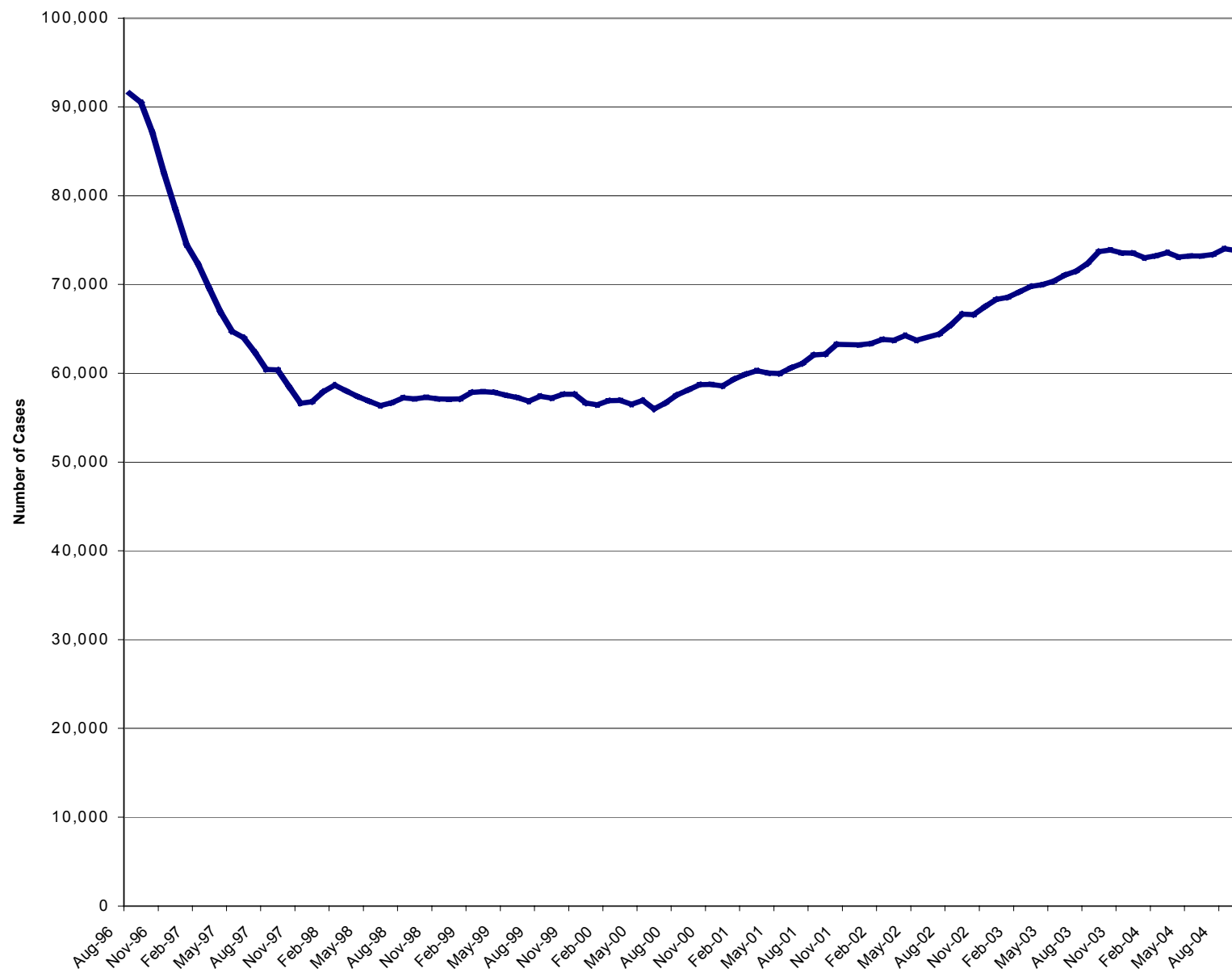
### ELIGIBLE ADULTS



Note: Eligible adults are found in one-and two-adult assistance groups.

Source: Data are based on statistics from the *Families First: 2003 Case Characteristics Study* by the Center for Business and Economic Research, College of Business Administration, the University of Tennessee.

## Families First Cases



**October 1996**

*Families First implemented*

Services available:

- Child care
- Transportation assistance to work activities
- Additional support services
  - Work uniforms
  - Professional licenses
  - Car repairs
  - Dental
  - Optical

## Families First Timeline

**February 1998**

- Child support pass-through begins

**January 1998**

- Customer Service Review begins

**March 1997**

- Dept. of Health visits expanded

**February 2000**

- Family Services Counseling implemented
- Completion bonuses begin

**June 2000**

- PACE (Parenting and Consumer Education) component implemented

**July 2001**

- ECS (Employment Career Services) implemented

**September 2002**

- First Wheels expanded to include employed FS recipients with minor children and low-income child care recipients

**May 2002**

- STEPS implemented – personalized counseling and case staffing for participants nearing their 60 month time limit

**April 2000**

- First Wheels (no interest car loans) implemented

**July 1999**

- Differential payments begin
- Extended transportation benefits begin

### Program Expansions

### Program Reductions\*

\* Reductions necessary to balance the Department's TANF budget as "one-time" funding sources ended.

**July 2002**

- Transportation reimbursement reduced from \$6 to \$5 per day

**August 2002**

- Completion bonuses reduced
- 6 and 12 month job retention bonuses reduced to 9 month bonus only

**October 2003**

- Child care registration and CC transportation fees paid for FF child care and TCC recipients discontinued
- Opportunity for work-exempt participants to take part in activities and receive services limited
- Extended transportation discontinued
- First Wheels no longer open to employed Food Stamps recipients

**July 2003**

- Completion and retention bonuses discontinued
- Career assessment eliminated as separate component – integrated into Employment Career Services
- Support Services (payment amounts for transportation, car repair, dental, and optical) cut drastically
- Fresh Start and PACE combined to form a single 6 week (20 hr) component called Fresh Start/PACE

### Total Value of Income and Work Support Services (Family of Three)

